



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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Governor

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May 12, 1999

Hand Delivered

Denise Dragoo, Resident Agent
Horizon Mining, LLC
c/o Snell & Wilmer
111 East Broadway, Suite 900
Salt Lake City, Utah 84111

Re: Withdrawal of February 25, 1999 Division Order (99A), Issuance of Division Orders 99B and 99C, Issuance of Vacation for Notice of Violation N99-26-1-1, and Affirmation of Midterm Permit Review Requirements, Horizon Mining, LLC, Horizon Mine, ACT/007/020, Folder #3, Carbon County, Utah

Dear Ms. Dragoo:

The Division hereby withdraws the Horizon Mine Division Order dated February 25, 1999 (DO99A), effective today. Concomitant with withdrawal of the February 25, 1999, Division Order, Notice of Violation N99-26-1-1 is also vacated.

The Division hereby issues Division Orders 99B and 99C, regarding permit deficiency issues and posting a minimum bond of \$711,000.00, respectively. These two orders are enclosed with this service.

Finally, Horizon Mining, LLC is reminded of the remaining requirements (apart from the issue of the bond, which is covered under Division Order 99C) for the Midterm Permit Review which are due within 60 days of your receipt of the review. That review was mailed to you on May 3, 1999.

Sincerely,

Lowell P. Braxton
Director

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Enclosures: Vacation of N99-26-1-1
Division Order 99B
Division Order 99C

cc: Frontier Insurance Company w/o
Price Field Office

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Received by:

Date: 5/12/99

**STATE OF UTAH
DIVISION OF OIL, GAS AND MINING**

PERMITTEE

**Horizon Mine
Horizon Mining, LLC
c/o Snell & Wilmer
111 East Broadway, Suite 900
SLC, Utah 84111**

**ORDER & FINDINGS
OF
PERMIT DEFICIENCY**

**PERMIT NUMBER ACT/007/020
DIVISION ORDER # 99B**

PURSUANT to R645-303-212, the DIVISION ORDERS the PERMITTEE, Horizon Mining, LLC, to make the requisite permit changes enumerated in the findings of Permit Deficiency in order to be in compliance with the State Coal Program. These findings are to be remedied in accordance with R645-303-220.

FINDINGS OF PERMIT DEFICIENCY

A review of the current Mining and Reclamation Plan and field investigations have revealed permit deficiencies. In summary, the Division finds under:

R645-301-500. Information in the plan is not current, nor clear and concise. In order for the mine to be in compliance, Horizon Mining must provide maps and text that are consistent and that correlate throughout the plan.

ORDER

Horizon Mining, LLC is ordered to make the requisite permit or Mining and Reclamation Plan (MRP) changes:

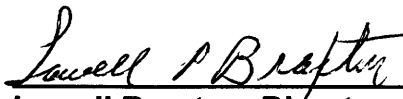
1.a. Update the text of the operation plan of the current MRP to accurately describe the coal conveyance system, separation facilities, coal storage areas, coal mine waste handling and storage facilities area, other materials handling and storage areas, snow storage areas and all haulage areas; and to clearly show on a map all of the preceding in accordance with R645-301-500.

- 1.b. Update the text and maps to show the reclamation plans for each of the preceding items if different than the current reclamation plan, or if the current plan does not include the preceding items in 1.a. in accordance with R645-301-500.
2. If coal mine waste is to be produced at the Horizon Mine, state the location and volume of temporary and final storage of coal mine waste at the Horizon Mine in accordance with R645-301-500.
3. Amend the text of Chapter 3 of the Horizon MRP, Section 3.3, p. 3-6 and 3-7, to clarify Horizon Mining's current MRP designations of "coal", "rocky coal", "high ash coal", "waste rock" and "coal waste materials" as to how they fall under Utah Coal Mining Rules R645 et seq of "coal", "coal mine waste", "underground development waste", or "coal processing waste". Horizon Mining must further clarify its criteria for underground development waste, specifically referencing a) Mine Safety and Health Administration (MSHA) standards regarding storage of underground development waste in the Horizon Mine workings prior to bringing the waste to the surface, and b) ASTM standards distinguishing high ash coal from underground development waste.
4. Demonstrate that plans provided in response to Items 1 and 2 of this Order are in compliance with Horizon Mine's Utah Air Quality Permit.

Time to comply with Order:

Horizon Mining, LLC is ordered to submit a complete and adequate application for permit change to address the above ordered items, numbers 1- 4, by June 4, 1999.

Ordered this 12th day of May, 1999, by the Utah Division of Oil, Gas, and Mining.



Lowell Braxton, Director
Division of Oil, Gas and Mining

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING

PERMITTEE

Horizon Mine
Horizon Mining, LLC
c/o Snell & Wilmer
111 East Broadway, Suite 900
SLC, Utah 84111

**ORDER & FINDINGS
OF
PERMIT DEFICIENCY**

PERMIT NUMBER ACT/007/020
DIVISION ORDER # 99C

PURSUANT to R645-303-212, the DIVISION ORDERS the PERMITTEE, Horizon Mining, LLC, to make the requisite permit changes enumerated in the findings of Permit Deficiency in order to be in compliance with the State Coal Program. These findings are to be remedied in accordance with R645-303-220.

FINDINGS OF PERMIT DEFICIENCY

A review of the current Mining and Reclamation Plan and field investigations have revealed permit deficiencies. In summary, the Division finds under:

R645-301-800 et. seq. There are deficiencies in the reclamation cost estimate which include but are not limited to a) detailed earthwork calculations including haul distances, grades travel times, and material volumes; b) a detailed reclamation plan that lists the timing and sequence of all major earthwork activities; and c) detailed demolition costs for all approved structures, including disposal costs. The current minimum reclamation cost estimate to reclaim the Horizon Mine, as it existed on April 2, 1999, excluding removal of coal mine waste, and other coal related materials from the site is \$711,000 in 2001 dollars. The current bond amount is \$209,195.31 in 2000 dollars, a difference of \$501,804.69. Horizon Mining must increase the reclamation bond. Adjustments to the calculated bond amount will be evaluated when information regarding the issue of coal and coal mine waste-related piles existing on the surface of the mine site is submitted as part of Division Order 99B.

ORDER

Horizon Mining, LLC is ordered to make the requisite permit or Mining and Reclamation Plan (MRP) changes:

R645-301-800 et. seq. Horizon Mining has 60 days from receipt of this Order to post a bond in the amount of \$711,000.00 for reclamation of the Horizon mine site.

R645-301-830.422 Horizon Mining, LLC may request an informal conference within 30 days of receipt of this Order.

Ordered this 12th day of May, 1999, by the Utah Division of Oil, Gas, and Mining.



Lowell Braxton, Director
Division of Oil, Gas and Mining